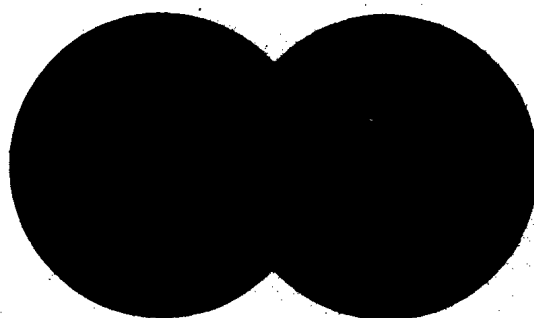


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WEEKLY SUMMARY



Number 18

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SECRET**H I G H L I G H T S**

On the eve of the UN General Assembly meeting in Paris, an announcement of the outcome of the Berlin-Moscow talks was still being awaited. Continuing Soviet obstructionism and intransigence can be expected in the General Assembly discussion of problems involving opposed east-west points of view, among which is the disposition of the Italian North African colonies. Proposals made by Deputy Foreign Minister Vishinsky at the recent Council of Foreign Ministers meeting probably are an accurate indication of Soviet strategy in the General Assembly concerning the Italian colonies (see page 1).

Meanwhile, Paris continued to be the scene of political strife as the keen economic dissatisfactions underlying the prolonged crisis found expression in a new wave of strikes and riots (see page 2). The role of the Communists in fomenting international labor unrest will come under discussion at the current meeting in Paris of the World Federation of Trade Unions, and it is possible that British resentment against Communist activities within the Federation will precipitate an east-west break in the WFTU (see page 4).

In the Middle East, the tension between India and Pakistan has been markedly increased by India's invasion of Hyderabad. Open war between the two dominions will probably not be precipitated by the invasion, however, and it appears likely that the carefully planned Indian campaign will be successful in overpowering Hyderabad in the immediate future (see page 10).

A Chinese Communist general offensive will probably be launched in the north and central areas within the next few weeks (see page 12). Elsewhere in the Far East, the Communists were demonstrating increased strength and militancy. In Indonesia, the prolonged stalemate in the Republican-Dutch negotiations has facilitated a sharp split within the Republic between Communists and anti-Communists (see page 13).

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SECRET**W E S T E R N E U R O P E****FRANCE**

The French crisis is being prolonged largely by ideological and political differences, unsatisfactory economic conditions, and unequal distribution of power between executive and legislative branches of the Government. In the preliminary discussions leading to the formation of each of the successive cabinets, the various party leaders have compromised their differences in the interests of obtaining a cabinet. Afterwards, however, party leaders have been unable to persuade their deputies to go along with a cabinet program which they feel opposes their commitments to their constituents. This has led to a withdrawal of party support and the fall of the cabinet. The unsatisfactory economic conditions within France contribute materially to the dissension by forcing every cabinet to institute corrective measures leading to eventual disagreement among the political parties. The repeated failures of French cabinets during the past few months also partially resulted from what many Frenchmen feel is an unequal distribution of constitutional responsibility between the cabinet and the assembly. Under the terms of the constitution, the French assembly can directly or indirectly force the resignation of a cabinet. However, the executive branch of the government can not force the dissolution of the assembly and take an issue to the people unless certain rigid and technical requirements can be met.

GERMANY

Eventual Soviet domination of any central German government may be facilitated by the recent reorganization of the Soviet Zone police system. Through a recent increase in power, the German Central Administration of the Interior

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SECRET**GERMANY**

now possesses full control of the zonal government down to the county level, a structure strikingly similar to the centralized police system of the Nazi regime. As a result, the Administration can now exercise all the powers of a Ministry of the Interior in a totalitarian state, including control of public prosecutors through the criminal police. In July 1948, the Administration was purged of all "unreliable" non-Communist personnel, apparently in anticipation of this reorganization and expansion of power. It was recently announced that police units, under control of the Administration, will be quartered in barracks throughout the Soviet Zone and will be equipped with carbines, machine guns, and eventually, heavier weapons. In the hope of appealing to German nationalism, this new force may be headed by Germans formerly identified with the Free German Committee.

ITALY

A serious cabinet crisis in Italy could develop from the coming vote on the agrarian reform bill, if the conservatives join forces to stop the legislation. Strong opposition is certain to come from the extreme Right. The Christian Democrats, however, will probably ignore considerable internal party pressure and agree to passage of the reform. If there is successful resistance by the conservatives, the moderate Socialists will leave the government and seek alignment with those left-Socialists who are breaking away from the Communists.

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UNITED KINGDOM

British military capabilities have been improved as a result of the Government's re-evaluation of the international situation and its changed concept of Britain's postwar needs. Until now, the necessity for economic recovery has preoccupied the Labor Government almost entirely. However, concern for the disparity between the UK's armed strength and its commitments has become paramount during the Berlin crisis. This concern has been heightened by the realization that the only combat-effective, sizeable British army unit in the UK has been dispatched to Malaya. The reconvened parliament has been apprised of the following corrective measures: (1) a reallocation to armament production of certain economic resources; (2) a halting of demobilization; and (3) a drive to increase reserve army strength and add to the regular armed forces. In addition, the government has under serious consideration the prolongation of the period of conscription.

The recent strong denunciation of Communism within the WFTU (World Federation of Trade Unions) by the British Trades Union Congress (TUC) may indicate a willingness on the part of the TUC to break with the international trade union. The British president of the WFTU recently declared that the situation is "utterly impossible" within the Federation, that Communists control its governing bodies, and that WFTU agents have fomented trouble in Asia and Africa. It is possible that the TUC may withdraw from the WFTU at the current meeting in Paris of the Executive Committee. UK-US representatives may decide to withdraw at this session if east-west differences remain unresolved, although a formal break is more likely to occur later and would be attributed to an unequivocal trade union issue.

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SWEDEN

The reported possibility that Swedish Foreign Minister Unden will retire regardless of the outcome of the September elections may presage a significant change in Sweden's foreign policy. Such a report came immediately after the recent Scandinavian Foreign Minister's Conference, at which Unden readily agreed to explore the possibilities of a Nordic defense alliance and to shelve the joint-neutrality clause which has been a Swedish prerequisite to any preliminary discussions of such an alliance. Sweden may, therefore, have taken a first step toward alignment with the western powers and abandonment of its policy of traditional neutrality, and Unden may resign rather than reverse his former stand: Swedish neutrality at any price.

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E A S T E R N E U R O P E

SOVIET UNION

Soviet propaganda against western nations and their Berlin position lessened both in volume and bitterness during the past week. The Kremlin is apparently marking time in its domestic propaganda efforts until Stalin makes a new "peace-for-the-world" move or until the Berlin negotiations break down completely. In foreign propaganda, the USSR is conducting a concerted drive against the European recovery program. Representative arguments to discredit the US and the European recovery program include charges that the US is dumping surplus goods to avoid an economic depression, that the US is forcing continued suspension of east-west trade in Europe, and that the European recovery program is a shabby "cover" for US imperialist ambitions in Europe.

CZECHOSLOVAKIA

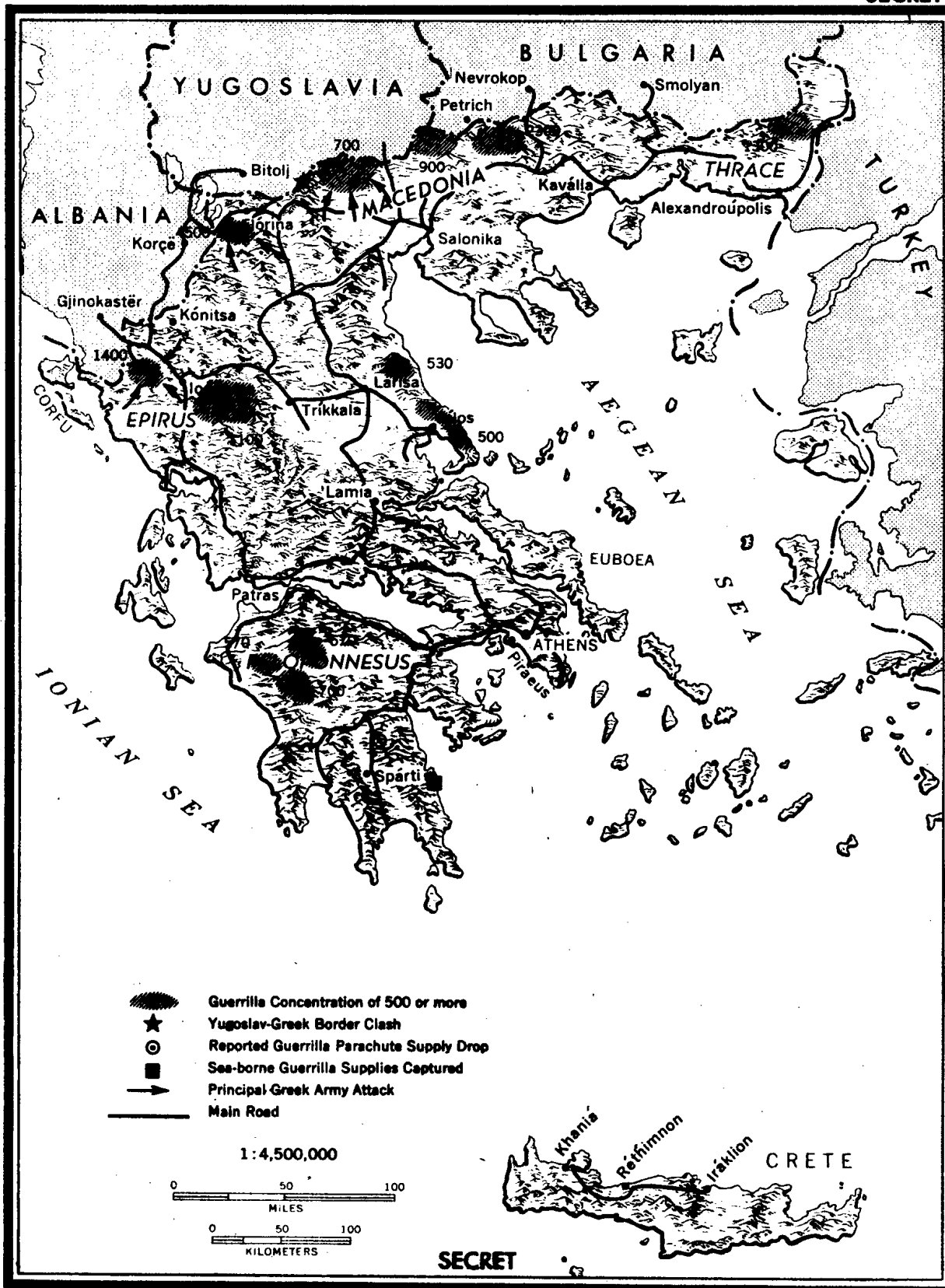
Further tightening of Soviet control over the Satellites may be indicated by the simultaneous visits of Czechoslovak President Gottwald and the Soviet Ambassador in Prague to the USSR. Evidently, the Kremlin has decided that no more Tito or Gomulka incidents can be tolerated and that the Czechoslovak Communist Party must be purged of all dissident elements. Gottwald will probably be directed to achieve unquestioned subservience in Czechoslovakia to Moscow dictates, and his own position may well depend upon the efficiency with which he carries out the Kremlin's orders.

GREECE

Sharp guerrilla fighting is continuing throughout Greece. Despite some army successes, the guerrillas have been able to maintain their numerical strength by the use of reserves from

GREECE: SITUATION MAP-11 SEPTEMBER 1948

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GREECE

Bulgaria as well as by enforced recruitment inside Greece. The main effort of the army is currently directed against the last rebel stronghold on the Albanian border and against 4,500 guerrillas who escaped from the Grammos battle and re-established themselves a short distance to the north. These rebel units are offering strong resistance to the army in an attempt to keep the supply lines from Albania open. The eastward movement of many units, however, suggests that Markos is not confident that these pockets can be defended and is therefore attempting to establish an alternate supply line from Bulgaria down the east coast of Greece. The general pattern of guerrilla deployment indicates that the guerrillas are trying to stave off defeat until winter weather makes further army operations impractical. They will probably succeed in this effort.

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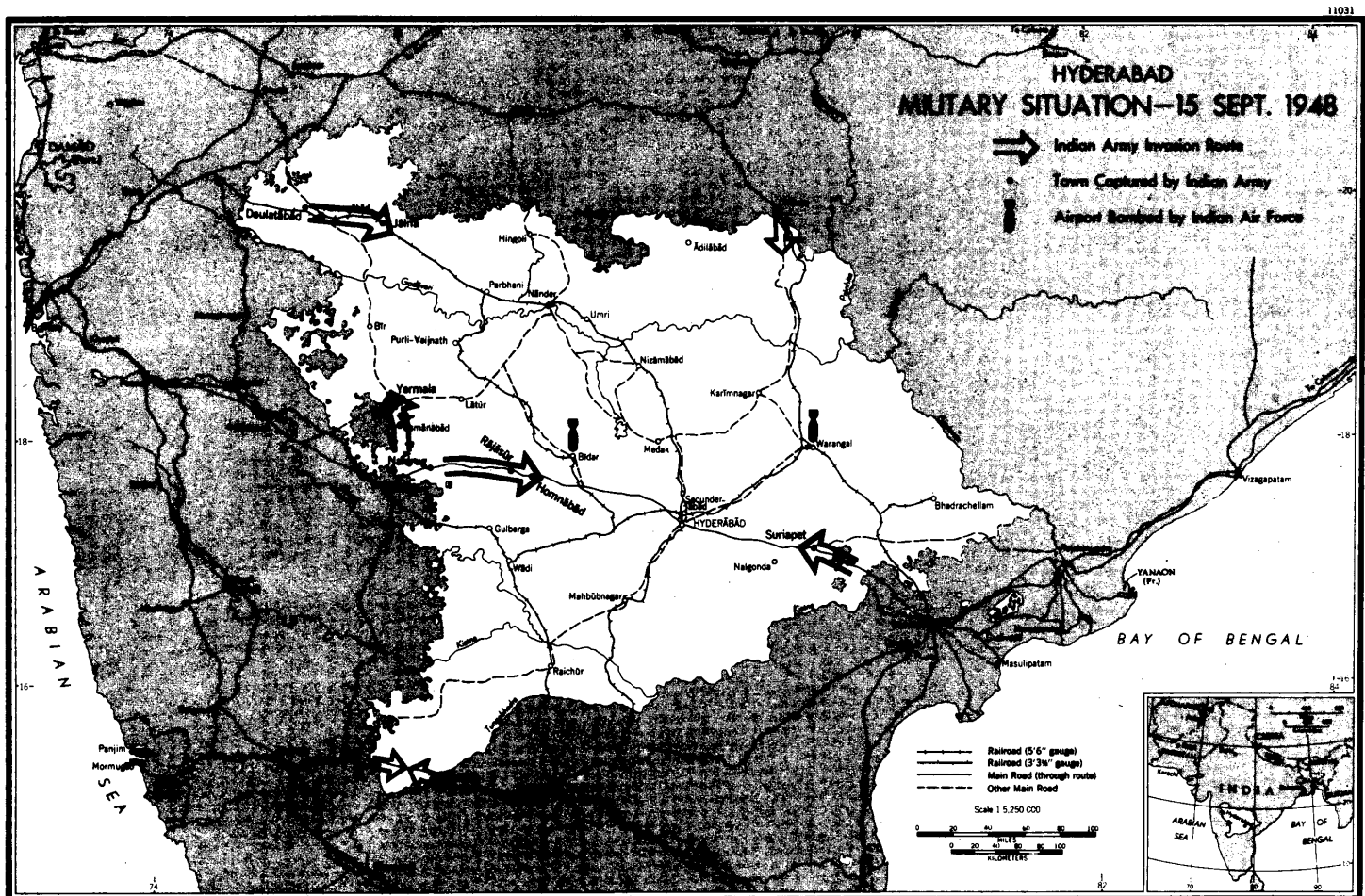
NEAR EAST - AFRICA

PALESTINE

No decisive developments in Palestine can be expected until the General Assembly takes (or fails to take) action on the Palestine problem at the forthcoming meeting in Paris. Despite periodic artillery duels in Jerusalem, both Arabs and Jews appear to be marking time in the hope that international opinion will decisively support their respective causes. The Arabs are generally more conciliatory than they were six months ago, but the Jews have increased their demands to such an extent that the area of disagreement between the belligerents is as wide as ever. Unless a solution can be imposed by the UN, it seems likely that the truce will completely collapse. The Provisional Government of Israel is feeling the economic strain of maintaining on a war basis an army of more than 100,000 troops and will almost certainly resume hostilities if the UN is unable to effect a settlement. Although Arab leaders appear to have little enthusiasm for continuing the war, they will resist any Jewish attacks. In any event they will probably support guerrilla action for some time to come. For these reasons the Arabs are making preparations to combine their military commands, to obtain arms and ammunition from abroad, and to build up an independent Palestinian guerrilla army.

IRAN

The USSR is apparently preparing to capitalize on the popular discontent in Iran which has been mounting over the government's failure to initiate internal reforms. While the recent announcement (over a clandestine radio presumably located in Soviet territory) of the formation of an "Azerbaijan Free Government" may be but another phase of the long-maintained Soviet war of nerves, it may also presage a serious attempt to re-establish an autonomous regime in Azerbaijan, where dissatisfaction with the Iranian Government is particularly strong.



SECRET**IRAN**

Although the Iranian Government may be expected to deal effectively with any local subversive movement which is not given foreign military support, the continuation of resistance to over-all Soviet pressure will depend largely on Iran's confidence in obtaining effective US support. Recent criticism of the US arms credit program in military and court circles, on the ground that key items of materiel have not been forthcoming, indicates that Iranian leaders have some misgiving about the extent of US interest in protecting Iran.

The immediate danger of Soviet control of Iran's airline has been greatly reduced by the recent announcement by the Director of Civil Aviation that he would cancel the Iranair franchise if the situation warranted such action. Also, the possibility of Soviet penetration of Iran air activities in the future has been considerably lessened by the prospects for increased stability in Iran's air services.

INDIA-PAKISTAN

India's four-day-old campaign in Hyderabad appears to be carefully planned and well executed, and it may result in Indian control of Hyderabad City and other strategic points in the state within a few days. India has committed to the operation an estimated 20,000 to 25,000 troops, who jumped off simultaneously from five sectors along the Hyderabad frontier. The most important column, estimated to be the Indian 1st Armored Division (reinforced), is advancing eastward toward Hyderabad City from Sholapur, along the main road from Bombay. This force has reportedly advanced to within 125 miles of a smaller tank-infantry column advancing on Hyderabad City from the east. Another major force, advancing from the northwest, has moved well past Aurangabad, the second largest city in Hyderabad, while other detachments have moved into the

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SECRET**INDIA-PAKISTAN**

southwest and northeast corners of the state. The absence thus far of any notable resistance on the part of Hyderabad's 25,000 mercenaries suggests that the Nizam may contemplate a close-in defense of his capital and of the nearby garrison city of Secunderabad or may attempt to cut behind the advancing Indian columns. Such tactics are not likely to have any lasting success; although the Hyderabad Army is fairly well-trained and equipped, it probably lacks materiel with which to resist armor effectively and its movements are handicapped by Indian control of the main roads. The violently anti-Indian Razakar irregulars, who may number as many as 50,000 to 100,000, may not be subdued for months but are incapable of preventing Indian seizure of Hyderabad's major cities and installations.

The invasion of Hyderabad is not expected to precipitate open war between Pakistan and India. Although the incident has provoked strong feelings in both dominions, and a flare-up of Hindu-Moslem rioting throughout the subcontinent remains a grave possibility, communal disorders will probably be held to a minimum. The government of each dominion is aware of the dangers inherent in communal action, and each has strengthened its security forces during the past year. Moreover, the Government of Pakistan, despite the urgings of some zealots, is not likely to risk direct aid to the Nizam, particularly in view of the speed with which the Indian forces are accomplishing their mission. Hyderabad's appeal to the UN, if acted on by the Security Council, can result in little more than a rebuke to India and a plebiscite which will insure Hyderabad's accession to India and thus confirm the latter's victory. Once Indian control of Hyderabad is consolidated, however, India may well intensify its activities in Kashmir. Pakistan, nursing resentment over the action in Hyderabad, will feel compelled to do likewise, with the result that the undeclared war between the two dominions may slowly expand into a major conflict.

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INDIA-PAKISTAN

The death of Mohammed Ali Jinnah is not expected to have any immediate effect on the conduct of Pakistan's affairs, despite his special qualities of leadership. During Jinnah's long illness the details of policy were worked out for his approval by Prime Minister Liaquat Ali Khan and Foreign Minister Zafrullah Khan, and because these men who held Jinnah's confidence will remain in power, the loss of Jinnah will probably be felt only indirectly. Neither Liaquat Ali nor Zafrullah Khan has shown Jinnah's ability to exercise long-run leadership. The absence of Jinnah's astuteness and of his calculated use of authority may make it more difficult to restrain the element of public opinion and of Pakistan officialdom which seeks bolder action against India. The newly appointed Acting Governor General of Pakistan, Khwaje Nazimuddin, will not exercise any decisive influence in the immediate future.

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SECRET**F A R E A S T****CHINA**

A Communist general offensive in China against the National Government will probably be launched within the next few weeks. In Manchuria, the Nationalist-held city of Changchun will probably fall in the near future, thereby releasing Communist troops for use against Mukden or Chihhsien, both important Communist objectives. The Communists will probably bring their main strength to bear on the coastal corridor from Chihhsien south to Chingwangtao. In North China, other Communist forces may engage Fu Tso-yi to the south and west of Peiping and force him to leave his northern flank inadequately protected. Present Communist objectives may also include Nationalist resistance pockets at Tsinan and Taiyuan before moving into the Yangtze Valley in force.

INDONESIA

Strong Dutch objections to the US draft agreement for settlement of the Indonesian dispute will be made by the Netherlands Foreign Minister at his forthcoming conference with the US Secretary of State. The US draft has already been presented to the representatives of the Netherlands, the Indonesian Republic, Belgium, Australia, and the UK. Although there have been no formal replies to the US proposal, Dutch reaction in both Indonesia and the Netherlands has been hostile. Australian and British support for the US plan has been indicated, with the Belgians remaining noncommittal. The Republican Government, which strongly favored another, earlier US-Australian proposal, will probably accept the new plan. Republican President Soekarno and Premier Hatta have already indicated to US officials that internal tension in the Republic makes it imperative that the Republic accept as soon as possible any reasonable basis for negotiations with the Dutch. In Indonesia, the Dutch appear to be preparing for large-scale military action.

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INDONESIA

The growth of Communist influence in Indonesia has been accelerated by the prolonged stalemate in the Republican-Dutch negotiations. Political alignments within the Republic have split definitively into Communist and anti-Communist camps, and the Indonesian Communist Party has become a threatening, coordinated, strongly militant organization. Political tension within the Republic has become so heightened that Premier Hatta has taken unusually strong measures including military action in an effort to prevent serious disorders which could reach the proportions of a civil war.

INDOCHINA

Renewed efforts to exploit a growing French weakness in Indochina have been made by the Soviet-oriented government of Ho Chi Minh. Concurrent with reports of increased sabotage and guerrilla activity in Tonkin and Cochinchina, the Ho government issued an official communique promising action against "foreign" aircraft and shipping. Moreover, in commemorating the third anniversary of his government, Ho Chi Minh recently demanded definitive action against French "colonialists."

PHILIPPINES

In an effort to conquer the rebellious Hukbalahap by force, President Quirino recently united the Philippine constabulary, army, and guerrilla units in a military campaign against the Huks. Although these forces, which have reportedly surrounded Huk Leader Taruc and his main group in Central Luzon, may be able to stop large-scale Huk activities, bloody clashes will probably continue. It is anticipated that the Philippine Government will attempt to secure US logistical support under the US-Philippine Military Assistance Agreement.

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W E S T E R N H E M I S P H E R E

VENEZUELA

Army support of Venezuelan President Gallegos may be considerably increased if he carries out his reported intentions and (1) removes the present anti-US Chief of Staff, Lt. Colonel Perez Jimenez, and (2) takes strong measures against Venezuelan Communists. Perez' influence in army circles is not sufficient to precipitate a revolt in the event of his removal. Moreover, Gallegos' popularity with the army has been greatly enhanced by the reception accorded him during his recent visit to the US and by improved prospects of obtaining US military aid and equipment. Strong anti-Communist measures would also eliminate the charge of governmental indifference to the Communist group, which has been a major cause of dissatisfaction to the army.

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SECRET**A P P E N D I X****PROBABLE SOVIET STRATEGY IN THE UN GENERAL ASSEMBLY
CONCERNING THE ITALIAN COLONIES**

The proposals made by Deputy Foreign Minister Vishinsky at the Council of Foreign Ministers meeting in Paris probably foreshadow Soviet strategy in the discussions concerning the Italian colonies at the forthcoming UN General Assembly. The Soviet representative, after asserting that the western powers had violated the Italian peace treaty by refusing to hold a "legitimate" CFM meeting on the disposal of the colonies, proposed that the former Italian colonies be placed under the administration of the UN Trusteeship Council. In addition, Vishinsky proposed that a supervisory commission (to include a representative from the US, France, the UK, the USSR, and Italy, and two representatives from the native peoples) be established to check on the Trusteeship Council administrators. Vishinsky suggested that the UN trusteeship for Libya and Eritrea be limited to ten years and that the trusteeship for Somaliland continue indefinitely. The Soviet representative further proposed that the Security Council designate strategic areas in the colonies to be placed under SC control.

The Soviet Union, which has previously championed the restoration of the colonies to Italy, has apparently decided that it can best deny to the US and the UK the strategic value of the Italian North African colonies by the establishment of a direct UN trusteeship. If the Security Council should follow the Soviet proposal to designate strategic areas in the colonies, the USSR could exercise its SC veto to deny military bases there to the US and UK. The Kremlin also apparently realizes that only through membership in the proposed supervisory commission can the USSR actively participate in the administration of the colonies.

The Kremlin probably considers that even if the USSR is unable to muster sufficient votes in the General Assembly to ensure passage of this proposal, the USSR will profit because

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such a proposal will make more remote the possibility of a solution favorable to the western powers. Although the Soviet proposal is administratively unworkable, it will have a certain appeal to the lesser powers because an international trusteeship would prevent control of the colonies by a single power. Many UN members may consider that a proposal which permits participation in the administration of the colonies by all the interested powers, as well as the local inhabitants, is the only possible solution at the present time. Nations such as Burma and India, recently liberated from colonial control, as well as the Arab states may view with favor the Soviet proposal of freedom in ten years for Libya and Eritrea.

If the Soviet proposal appeals, as seems entirely possible, to a large segment of UN opinion, General Assembly approval of the US-British solution--basically UK trusteeship over Cyrenaica--will become appreciably more difficult to attain. Soviet propaganda will emphasize the close resemblance between the present Soviet proposal and that of Secretary of State Byrnes in the autumn of 1945. Any US opposition to the Soviet solution in the General Assembly will be characterized as proof of the imperialistic aims of the present US administration.

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